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Imp. Le-van-Tân - 53.452

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TELEGRAM SENT

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P R I O R I T Y

FROM COLLINS

PRIORITY

Sent Department 4263 rptd info Paris 1141.

Refembtel 4234 rptd info Paris 1132.

1. In light of recent developments we must now squarely face fact Diem is operating practically one-man government with his two brothers Luyen and Nhu as principal advisors. I seriously doubt this can last long.

2. Diem is, in fact, almost entirely isolated. Four Hoa Hao members of Government have resigned. Defense Minister Minh, an independent, has resigned. Four Cao Dai members of Government have now submitted their resignations to Diem in spite of "integration" Cao Dai forces into National Army March 31, ostensibly "to give Diem free hand to form non-political government of technicians." (Please don't expect me to explain this gobble-de-gook.) Foreign Minister Do and his Tinh Than colleagues have today reluctantly withdrawn their resignations, we are told, on condition Diem (a) seek political solution rather than solution based on force and (b) consult members Cabinet concerning Government policies. This is second warning Tinh Than group has given Diem, the first being in January. I seriously doubt Diem will be able change his nature

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and actually consult his ministers and treat them as working team. This compromise therefore may not last very long. Top leaders National Army are showing no enthusiasm for Diem. General Vy has told me emphatically he is opposed engaging National Army in civil war. General Ty is proving to be weak reed we feared he might be. Adherence March 31 Cao Dai forces under General Phuong to National Government cannot be considered as element of lasting strength for Diem though he believes it is.

3. I am convinced that Diem has had fair chance to establish effective govt. He himself has produced little if anything of a constructive nature. We have found it necessary assist him in proposing, drafting and attempting to breathe life into most of his programs. We have done everything in our power to support and aid him. We have done our best to get him to change his method of operating. There can be no question but that French in recent past have not only ceased in general to obstruct Diem but under Ely's guidance have been making positive efforts assist him. Major portion responsibility for critical situation in which Diem now finds himself must in all fairness be laid squarely at Diem's own door.

4. It is possible that with his temperament and demonstrated inability work in team spirit with anyone but his brothers, Diem might, without consciously being aware of it, attempt to govern with rubber-stamp cabinet. I am convinced such an effort would be short-lived as country will not stand for type of "government by family" offered it by Ngo brothers.

5. I believe it is, therefore, essential to consider possible alternatives to present situation. We have been giving thought to this in past few days as it appears Diem Government may fall through process of dissolution, through efforts of sects, or even by Diem's own resignation concerning which we have received hints which will be outlined in subsequent message.

6. It appears alternatives in order of desirability would be as follows:

(a) New government to be formed with Tran Van Do as president;

(b) Same as (a) but under Quat;

(c) Bao Dai to return in support of a new government to be formed and led by Diem;

(d) Bao Dai to return and assume Presidency over a new government.

7. Do is not a very strong man and might refuse to assume responsibility for government, but if he agreed we believe he might have best opportunity succeed in establishing a broader government including best of present Ministers who are familiar with current programs. He has ability to work with other people and seems to know how to decentralize. I feel sure he would be willing to bring into government men like Dr. Quat, who is a personal friend.

8. While I personally believe Quat is a stronger and more able man than Do, my reasons for suggesting Quat as second choice are that he is identified as Northerner and member of Dai Viet Party which is unpopular in South and which some blame, however

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incorrectly, for loss of Tonkin. Sects might object strongly to Quat and in present situation this could be major factor. If Do were to refuse to form a government Quat would be next best choice from our point of view.

9. See part 2, para 3b, Embtel 2250 rptd Paris 706 for discussion of conditions which might govern return of Bao Dai.

10. Problem of sects will remain, no matter who heads government. But present impasse must be broken very quickly. As I have mentioned above, Diem may decide to resign. If he stays in office and presses for military action against the sects he is very likely to have insubordination in the Army. This would lead to conditions worse than those existing last fall and would be intolerable.

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11. Would appreciate Dept's guidance soonest including advisability of approaching Do and Quat and tactics of consultation with French. Subject of alternatives to Diem Government likely to develop with French in next day or two.

KIDDER

JLCollins:FEM:jjg